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SOCIAL IMPACT BONDS---PAY FOR SUCCESS BASED FINANCING

THE HOLY CROSS CHILDREN'S SERVICES
COLLEGE PREPARATORY ACADEMY:

***BREAKING THE CYCLE OF POOR LIFE OUTCOMES FOR
AT-RISK YOUTH***

OCTOBER 2013



PROPOSAL

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Executive Summary

Holy Cross Children's Services is proposing the establishment of a College Preparatory Academy for at-risk youth who are destined to become high school drop outs and/or otherwise unable to adequately sustain themselves throughout their lifetime. While the Academy is designed to meet the needs of a wide range of at-risk youth, a primary target population is those youth who have experienced some portion of their lives in foster care and now are beginning to "age out" of the system. The College Preparatory Academy will offer a highly supportive boarding school environment addressing academic, social and emotional issues that might otherwise prohibit these youth from attaining post-secondary academic achievement. The Academy will:

- Offer a unique school experience for up to 150 at-risk youth in residence and up to another 300 youth who have graduated from the Academy and are attending a college or university and remain supported by the program.
- Specialize in serving older youth between the ages of 16-19 years old, who have the capacity and motivation to graduate from High School and pursue higher education.
- Provide a public school experience, in partnership with the Lenawee Intermediate School District, on the Holy Cross Children's Services Clinton Campus and offer students the opportunity for a year round, Monday-Friday or seven day a week living and learning opportunity.
- Provide social and emotional supports that might otherwise inhibit academic achievement, including family support services and a "host family" program for youth who have no family or for whatever reason may only have limited family contact.

The Need: Failure of At-Risk Youth to Meet Their Academic Potential

The number of youth who are at-risk in this country continues to rise each year. Michigan Kids Count Data 2012 suggests that ever increasing numbers of children are at risk:

- More than 500,000 Michigan children lived in poverty in 2011 (\$18,000 or less for family of three).
- More than 33,000 children were confirmed victims of maltreatment.
- From 2005-2011, children in poverty has risen 28%.
- From 2005-2011, young children qualifying for food assistance jumped 55%.
- From 2005-2011, victims of child abuse and neglect linked to poverty has increased by 28%.
- In 2011, there were 11,000 children in foster care.

Many of these youth have experienced significant abuse and neglect and have some history of involvement in a state foster care system. The United States Children's Bureau reports that there were 400,000 children in the country's foster care system in 2012, nearly 14,000 of those in the State of Michigan. Each year approximately half as many children exit the State foster care system and typically 25% or more of these youth are 16 years old or older. Michigan, like

many other states, continues to see an increase in the number of youth transitioning out of the foster care system or their own families with inadequate supports and the means to sustain themselves as productive young adults.

The potential life outcomes for at-risk youth are sobering. These life outcomes for former foster children alone are staggering:

- 50% of foster youth fail to finish high school.
- Foster youth have lower reading scores and more special education needs than peers.
- 15% or less of former foster youth attend college.
- 98% of foster youth who do attend college, never complete a degree.
- 65% of foster youth age out of the system without a place to live.
- 40% of homeless shelter residents have some form of foster care background.
- 40% of the prison population has some form of foster care background.
- 51% of former foster youth are unemployed.
- Aging out female youth are 4 X more likely to be on general assistance than general population.
- According to a 2004 study, former foster youth, on average, earn \$6000 annually.
- According to same 2004 study, over a three period, 45% of former foster youth reported no earnings in any one quarter.

The research is clear in terms what is needed for children to become productive young adults:

- Job skills and financial literacy.
- Completion of high school and access to post-secondary education.
- Ability to problem-solve, make decisions, use available resources, develop social competencies, and having a sense of hope for the future.
- Relationships with caring adults.
- Stable living environment.

Many of these youth, including all youth who have had some experience in the foster care system at age 14 years or older, are eligible for university level tuition support, yet the vast majority of these youth are not able to access or sustain admission to post-secondary academic opportunities. The research is also instructive in terms of factors related to college readiness:

- One on one relationship with supportive adult(s).
- Academic preparation.
- Orientation to college life including workshops and college visits.
- Enrichment activities related to ongoing personal development.
- Long term, consistent support.

Clearly there are numerous barriers impacting the possibility for positive long term outcomes for these youth. Among the key ones being academic preparation, a stable living environment and ongoing positive adult support.

Program Description: Post-Secondary Academic Achievement for At-Risk Youth

Holy Cross Children's Services proposes to establish a college preparatory boarding school which specializes in serving older youth who are otherwise alone as they transition into young adulthood. The HCCS Boarding School will serve youth ages 16-19 years of age who are identified as needing an out of home college preparatory setting where they will learn the academic, emotional and social skills necessary to enter and successfully obtain a post high school career oriented credentials up to and including successful completion of a four year university degree.

Program services include, but are not limited to:

- Provide state of the art regular and special education academic services that meet the Michigan Curriculum requirement for high school graduation. See the following link for requirements:
<http://www.michigan.gov/documents/mde/New MMC one pager 11.15.06 183755 7.pdf>
- Provide marketable vocational and job development skills to youth for entry into the work-world prior to college, as a means for earning money while pursuing higher education or for life-long earning potential.
- Offer youth social skill development, pro-social values, leadership skills and spiritual opportunities.
- Engage youth in a variety of recreation and physical education programs.
- Provide tutors, mentors and remediation services to those in need.
- Involve youth in community service opportunities to build and enhance responsibility and connection to others.
- Offer mental health and juvenile justice guidance and counseling for those students in need of these services.
- Supplement the youth's family with access to a full range of social services.
- Provide a dedicated professional staff of Michigan certified teachers, aides, counselors and support personnel that believe in the potential of every child to succeed educationally.
- Offer significant and essential partnerships with school districts, universities, community colleges, technical schools and the faith-based community.

- Provide additional resources from the public and private sectors such as host families to mentor students and provide a family setting on holidays and weekends for those students without family resources, to support the school program at HCCS and to assist youth with the financial challenges they will meet while pursuing higher education.

Curriculum and interpersonal planning will be individualized depending upon the youth's needs in order to complete a successful post high school educational plan. This includes the boarding experience which may include Monday – Friday for some, with access to twenty-four/seven living arrangements for those who do not have an alternative living situation. A boarding option will remain for youth who enter a university setting as needed for those who for whatever reason need a continuing alternative living setting.

Staffing

The Academy will be staffed by “highly qualified”, Michigan certified teachers, who will follow a college preparatory, Michigan approved curriculum. Special education and other required ancillary services will be provided as needed. Tutoring services and computer based accelerated learning programs will be used to support teacher instructional methods and to achieve any remediation goals.

All youth will be offered a nurturing campus boarding experience that offers age appropriate social and recreational opportunities both on and off campus. Dormitories will be staffed minimally at a 1:30 staffing ratio and all co-workers will have proper police and other necessary clearances to assure safe and appropriate role models. Awake night staff (also at a 1:30 staff ratio) will be available during sleeping time to address safety issues and attend to any medical or other emergency issues that may occur during the night.

A College preparation and guidance counselor will be assigned to each youth who will have an active caseload of no more than twenty-five youth. These counselors will maintain these youth all through their successful post-secondary educational plan.

Finally, Licensed Master Social Workers will be available to conduct social skills classes and individual or group therapy sessions as necessary to meet youth's social and emotional needs. The primary focus of any needed therapy will be to address current and future barriers to academic success.

University/Technical School Partnerships

University/technical school partnerships will be developed to prepare youth for the university setting, offer dual enrollment programs, jointly develop social and academic plans that will assure a successful university/technical school experience for each youth, and remain in a supportive relationship throughout their university/technical school experience as needed to assure successful completion of a university degree/career credentials. Many universities already have recognized the unique needs of youth who have aged out of the State foster care system and other older youth, and have begun to develop specialized programs to support these young men and women. The Academy will work closely with universities and technical schools to further develop these supportive programs.

Costs

The annual operating cost of the Academy is \$4,560,000 for 150 students. Of that, \$1,440,000 are direct educational costs that are funded through Department of Education dollars as a part of the Holy Cross Children's Services management contract with the Lenawee Intermediate School District. The \$3,120,000 balance is the "social services/boarding" aspect of the program and includes the long term student support costs. These "social services/boarding" costs are the ones being proposed to be funded through the Social Impact Bonds process.

Program Outcomes: The 90% Solution

The expected outcomes for the Academy are straight forward:

- 90% of youth who enroll in the College Preparatory Academy will graduate.
- 90% of youth who graduate from the College Preparatory Academy will attend college upon graduation from Academy.
- 90% of the College Preparatory Academy graduates will complete a college degree within five years of graduation.

These outcomes are measurable, quantifiable and include immediate (high school graduation/college admission), intermediate (continuing college enrollment) and longer term (college graduation) indicators of success which translate into savings for the State of Michigan.

Social and Financial Impacts: An Investment in the Future

The general and social impact of a successful Academy are many and include youth who are prepared to sustain themselves and their families, skilled participants in a modern sophisticated workforce and contributing to rather than being supported by the public good. Specific financial benefits include:

- Savings from Foster Care Placement:
150 youth X \$75/day X 365 = \$4,106,250
- Savings from Unemployment Costs:
150 X 51% X \$18,000/annually = \$1,377,000
- Savings from Imprisonment:
150 X 25% /imprisoned X \$35,000/prisoner = \$1,312,500
Total = \$6,795,750
Annual Cost of Academy = \$4,560,000
Annual Savings = \$2,235,750 /33%

The Academy represents a 33% annual cost reduction of the existing investment In these young adults and realistically needs to be multiplied many times over since the costs of doing nothing in terms of unemployment and incarceration accrue for many years and for some, a lifetime.

Organizational Background and Capacity: A 65 Year Legacy of Service to Vulnerable Children

Holy Cross Children's Services (HCCS) was founded in 1948, as a statewide boarding school/orphanage for vulnerable young men from across the State of Michigan. As times and the circumstances of youth changed, Holy Cross Children's Services became a child and family services agency providing high quality clinical services to young men and women from the abuse/neglect, juvenile justice and community mental health systems. The mission of Holy Cross Children's Services (HCCS) is to meet the social, emotional, basic care and educational needs of vulnerable children; support their families; and make the public aware of the needs of these children and families through a network of in-home, community based and residential program interventions and public education programs, that are provided directly or in partnership with other community organizations.

This mission is guided by the core values of: justice, advocacy, dignity, excellence and service. These core values not only guide service to children, youth and families, but also relationships among Holy Children's Services co-workers and all business relationships. The ultimate goal or vision of HCCS upon which the mission is based is that vulnerable children will be given the opportunity for positive growth and development in order to develop the skills and abilities they need to become productive and contributing members of society.

In addition to the core mission of Holy Cross Children's Services, HCCS also co-owns and operates the Samaritan Center in Detroit a 550,000 sq. ft. facility on 27 acres on Detroit's East

Side that is reportedly the largest human services “one stop” in the country. HCCS also owns and operates Kairos Healthcare (inpatient) and Woodward Counseling (outpatient), substance and behavioral health services operating in Saginaw, Pontiac and Flint.

In total, HCCS is responsible for annual operating budgets in excess of \$34 million. In addition, HCCS has successfully secured and managed millions of dollars in federal grants from the Departments of Transportation, Health and Human Services and Justice, and numerous federal community block grants received through the City of Detroit.

Closing Summary: Success from Generations of Lost Hopes and Dreams

The prognosis for positive life outcomes of youth aging out of the foster care system and other at-risk youth with similar profiles is poor without benefit of successful secondary educational achievement. These poor life outcomes include school drop-out, inadequate literacy skills and high rates of future unemployment, homelessness and incarceration. The research is clear that lack of prior academic preparation, unstable living environments and lack of ongoing adult support are barriers to these youth being able to take advantage of secondary educational opportunities. Even with significant financial support, only 15% of former foster youth ever attempt college admission and of those only 2% ever successfully complete a university degree.

The Holy Cross Children’s Services College Preparatory Academy is intended to serve at risk youth 16-19 years old who have the academic and motivational skills necessary to successfully complete a college preparatory public high school diploma program and move onto a college or university setting. These youth however, also have one or more of the barriers that research points to as keeping youth from post-secondary academic achievement. The Academy will provide the college preparatory academic, social and emotional supports necessary to achieve successful admission to a college or university, and continue those supports as long as needed for youth to complete a college/university degree program.

The opportunity for a college preparatory boarding school experience for these youth is not only an individual opportunity to break generational cycles of unemployment, possible incarceration and a lifetime poverty, but also to act as role models for thousands of other young people who have lost hope and the dream of ever being successful young adults. The financial investment in these young people now, will not only save millions of dollars in the future, and allow them to take advantage of unused dollars already targeted for their educational benefit today, but will also provide Michigan with a skilled, sophisticated workforce for the future that so many employers and potential Michigan investors are worried about not having available today. An investment in these young people is indeed an investment in Michigan’s future.

References

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